

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	City of Los Angeles
Allocation Amount Requested:	Tax-exempt: \$20,000,000
Project Information:	Name: Simpson Arbor Apartments Project Address: 7507 Simpson Avenue Project City, County, Zip Code: Los Angeles, Los Angeles, 91605
Project Sponsor Information:	Name: Simpson Arbor Preservation, L.P. (Simpson Arbor Apartments, LLC) Principals: Howard Hudson, Chris Jones, Margol Kennison, Roy Haugen, Karen Ingram, Wayne Moore, Gary Wheeler and Joseph Miller for Brookmore Apartment Corporation Property Management Company: CARING Housing Ministries
Project Financing Information:	Bond Counsel: Kutak Rock LLP Private Placement Purchaser: Citibank, N.A. Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: December 13, 2018 TEFRA Adoption Date: February 1, 2019
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 83 Manager's Units: 1 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family

Simpson Arbor Apartments is an existing project located in Los Angeles on a 2.06-acre site. The project consists of 82 restricted rental units and 1 unrestricted manager unit. The project has 21 one-bedroom units, 55 two-bedroom units and 7 three-bedroom units. The renovations will include building exterior/interior upgrades. Building exterior renovations will consist of roof replacement and a fresh coat of paint. Interior renovations will include leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is expected to begin in July 2019 and will be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (82 units) restricted to 50% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points for instructor led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	39,291,122	
Estimated Hard Costs per Unit:	\$	93,031	(\$7,721,543 /83 units including mgr. unit)
Estimated per Unit Cost:	\$	473,387	(\$39,291,122 /83 units including mgr. unit)
Allocation per Unit:	\$	240,964	(\$20,000,000 /83 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$	243,902	(\$20,000,000 /82 restricted unit)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,584,495	\$ 8,584,495
Tranche B Financing	\$ 11,415,505	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 12,010,320
Developer Equity	\$ 1,194,454	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,517,568
Deferred Costs	\$ 3,103,685	\$ 0
Seller Carryback Loan	\$ 14,443,945	\$ 16,529,701
Transferred Reserves	\$ 549,038	\$ 549,038
Net Income From Operations	\$ 0	\$ 100,000
Total Sources	\$ 39,291,122	\$ 39,291,122

Uses of Funds:	
Land Cost/Acquisition	\$ 19,800,000
Rehabilitation	\$ 8,295,331
Relocation	\$ 491,000
Contractor Overhead & Profit	\$ 654,787
Architectural Fees	\$ 980,012
Survey and Engineering	\$ 66,500
Construction Interest and Fees	\$ 2,404,449
Permanent Financing	\$ 20,000
Legal Fees	\$ 90,000
Reserves	\$ 497,334
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 895,012
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 778,345
Developer Costs	\$ 4,303,352
Total Uses	\$ 39,291,122

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

75 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$20,000,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	75